

Message Text

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PAGE 01 STOCKH 01834 170806Z

41

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PA-02 USIA-15 PRS-01 SP-02

TRSE-00 OMB-01 /053 W

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R 170700Z APR 75

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 4445

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

UNCLAS STOCKHOLM 1834

E.O. 11652: N/A

TAGS: ELAB, SW

SUBJECT: NEW WAGE AGREEMENT FOR STATE EMPLOYEES

REF: STOCKHOLM 1630

1. A 2-YEAR CONTRACT COVERING SOME HALF-MILLION EMPLOYEES OF NATIONAL GOVERNMENT WAS SIGNED APRIL 15. THIS IS FIRST OF THREE SEPARATE CENTRAL NEGOTIATIONS (OTHERS ARE PRIVATE INDUSTRY AND LOCAL GOVERNMENT) TO BE CONCLUDED SUCCESSFULLY. NEW CONTRACT WILL RESULT IN 27 PERCENT INCREASE IN LABOR COSTS OVER PERIOD. SINCE THIS FIGURE INCLUDES APPROXIMATELY 8 PERCENT BOOST IN SOCIAL CONTRIBUTIONS BY GOVERNMENT, INCREASE IN CASH WAGES AVERAGES 19.3 PERCENT; 11.8 FOR 1975 AND 7.5 FOR 1976. INCREASES HAVE BEEN APPORTIONED TO FAVOR MIDDLE AND LOWER LEVELS OF PAY SCALE. BY 1976, MONTHLY SALARIES WILL RANGE FROM 2,296 TO 13,408 KRONOR (\$1 EQUALS 4 KRONOR). AS SUBSTITUTE FOR COST-OF-LIVING ESCALATOR CLAUSE WHICH RECEIVED SOME CONSIDERATION, CONTRACT HAS MORE FLEXIBLE FORMULA THAT PERMITS REOPENING OF NEGOTIATIONS IN EVENT SIGNIFICANT CHANGES OCCUR IN NATIONAL ECONOMY OR OTHER EMPLOYEE GROUPS GET SUBSTANTIALLY BETTER SETTLEMENTS. CONTRACT IS RETROACTIVE TO JANUARY 1.

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PAGE 02 STOCKH 01834 170806Z

2. NO ONE DOUBTS THAT FINANCE MINISTER STRANG WAS BEHIND

DECISION TO SWEETEN GOVERNMENT OFFER WHICH LED TO SETTLEMENT.
HE HAS EXPRESSED CONCERN SEVERAL TIMES ABOUT DISTURBING
EFFECTS ON ECONOMY OF LONG, DRAWN OUT WAGE NEGOTIATIONS.
UNDERLYING PURPOSE OF STRANG MOVE, THEREFORE, WAS TO BREAK
ICE IN BARGAINING ARENA SUBJECT TO HIS CONTROL SO AS TO
ESTABLISH PATTERN FOR ALL-IMPORTANT PRIVATE SECTOR NEGOTIATORS
TO FOLLOW. IN RESPONSE TO SUCH SPECULATIONS, SAF HAS DECLARED
IT SEES NO REASON TO RECONSIDER ITS LAST PROPOSAL. AT GOVERNMENT'S
REQUEST, HOWEVER, LO AND SAF HAVE AGREED TO TAKE FINAL CRACK
AT AN ACCOMMODATION BEFORE MEDIATION COMMISSION IS CALLED IN.

3. PRESS HAS WELCOMED NEW AGREEMENT WHILE EXPRESSING CONCERN
OVER ITS INFLATIONARY IMPACT.
STRAUSZ-HUPE

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Message Attributes

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